

Kajima Group Medium-Term Business Plan

Fiscal 2018 – 2020

May 15, 2018



I	Medium-Term Business Plan (FY2015-2017) Results	01
II	Business Environment Outlook and Action Policies	05
III	New Medium-Term Business Plan Overview	09
IV	Business Strategies and Key Tactics	14
V	Management Platform	24
VI	Financial Targets	27



Medium-Term Business Plan (FY2015-2017) Results

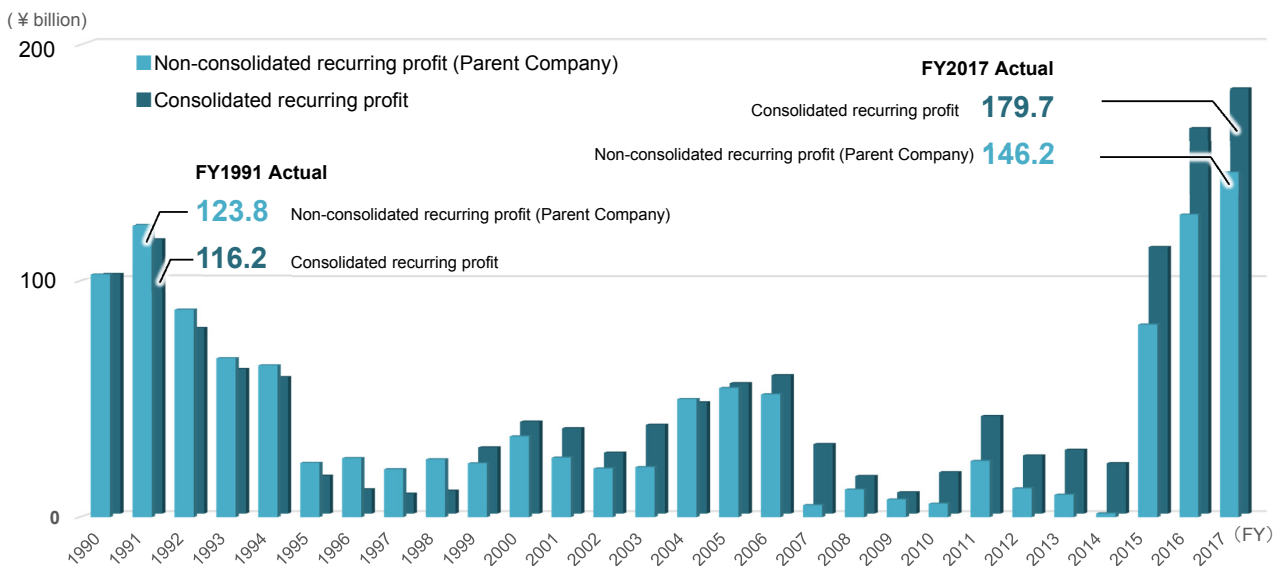
1. Achieved Performance Targets
2. Reinforced and Expanded Business Portfolio
3. Current Position in Positive Spiral

Copyright © 2018 KAJIMA CORPORATION All Rights Reserved.

I Medium-Term Business Plan (FY2015-2017) Results

1. Achieved Performance Targets

Revitalized and reinforced domestic construction operations to improve performance



2. Reinforced and Expanded Business Portfolio

Leveraged Group strengths to systematically reinforce and expand business domains

Real estate development in Japan

Acquired strategic assets in the Tokyo metropolitan area

Business outside Japan

Expanded into new and existing market domains
(Australia, Vietnam, Myanmar, etc.)

Engineering

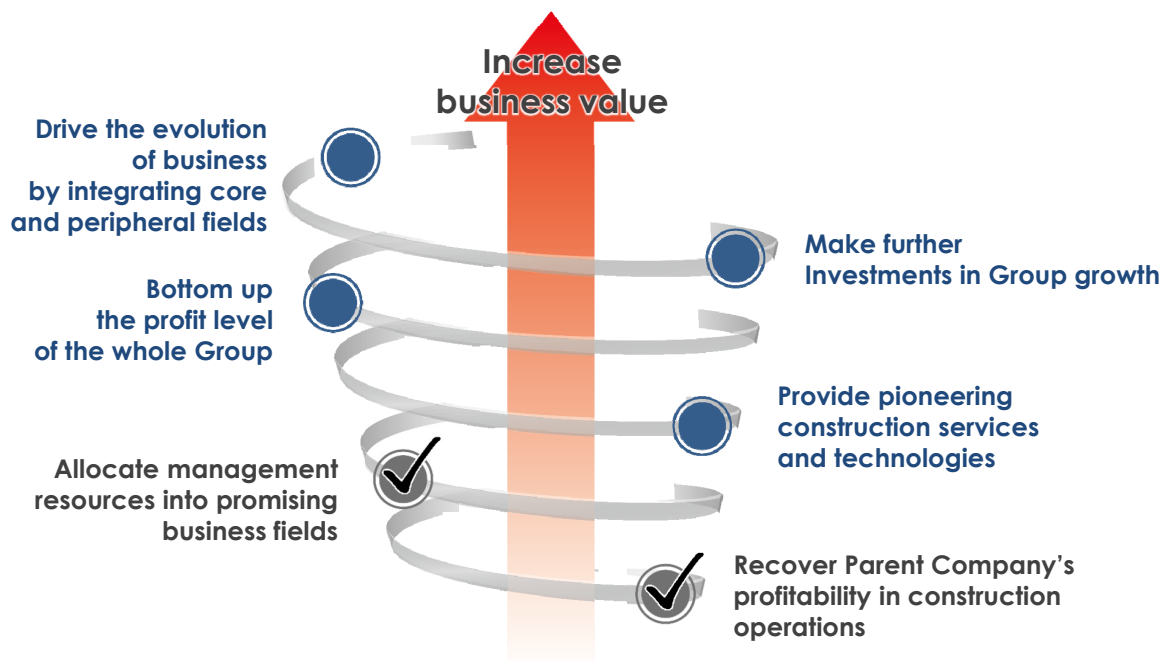
Reinforced overseas business (Acquired IFE in Singapore)
Expanded Operation & Maintenance business

Construction-related business

Established functionally oriented subsidiaries to secure workers in Japan
Established new BIM company and acquired company that specializes in BIM

3. Current Location in Positive Spiral

Allocation of management resources into promising business fields is now underway



II

Business Environment Outlook and Action Policies

1. Business Environment Outlook
2. Changes in the Medium- to Long-Term Business Environment and Management Challenges
3. Addressing a Constantly Changing Business Environment

Copyright © 2018 KAJIMA CORPORATION All Rights Reserved.

1. Business Environment Outlook

II Business Environment Outlook and Action Policies

**Relatively stable
through
2020**

Although the market is not drastically shrinking:

- Construction volume is increasing
- Concerns exist about rising construction costs
- Competition for projects is increasing

In 2021 and beyond
**Various changes are
expected in and
outside of Japan**

**Shift to a constantly
changing business
environment**

2. Changes in the Medium- to Long-Term Business Environment and Management Challenges

II Business Environment Outlook and Action Policies

Major anticipated changes in business environment	Medium- to long-term management challenges
Changes in quality and quantity of human resources	Improve corporation's capacity for proper execution by raising individual capabilities and reinforcing organizational management
Decline in construction investment Changes in investment quality	Establish an effective method for developing and managing social infrastructure in an era of aging and population decline
Changes in economically prosperous areas	Further global expansion of the Group
Changes in business environment and rules	Strengthen core competence and seek out as well as establish new business model
Advancement and diversification of required standards	Propose forward-looking values that meet new societal and customer needs
	Develop technologies and accumulate knowledge to solve global issues (disaster reduction and mitigation, environment, energy)

3. Addressing a Constantly Changing Business Environment

II Business Environment Outlook and Action Policies

Priorities under the new medium-term business plan

Diversify revenue sources

- Real estate development
- Overseas operations
- Upstream/downstream construction work
- Operational management

Address new needs

- Promote R&D
- Building partnerships with society and customers

Closely monitor the effects of technological innovation

- Open innovation
- Pursue medium- to long-term business model

Develop business platform

- Build Group-wide management structure
- Strengthen risk management
- Secure and develop human resources



New Medium-Term Business Plan Overview

1. Theme and Priority Items
2. Key Objectives
3. Timeframe of the Business Plan
4. Build a Next-Generation Construction System

Copyright © 2018 KAJIMA CORPORATION All Rights Reserved.

III New Medium-Term Business Plan Overview

1. Theme and Priority Items

Theme

Proactively implement measures to overcome medium- to long-term management challenges while generating stable profits by addressing short-term management issues

Priority Items



2. Key Objectives

1

Build a next-generation construction system

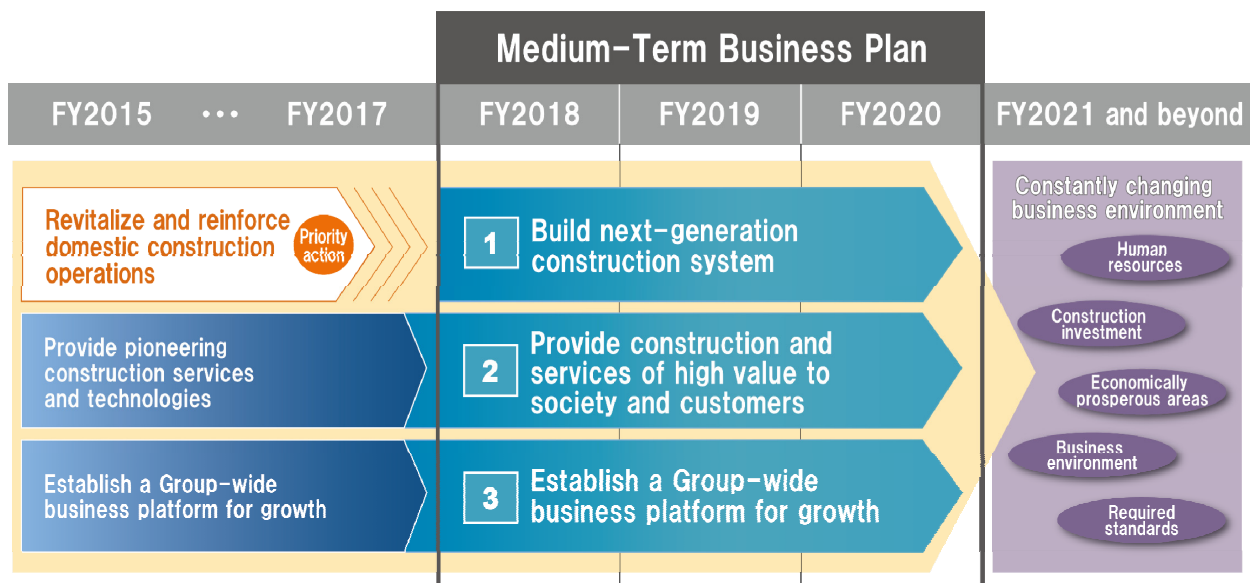
2

Provide construction and services of high value to society and customers

3

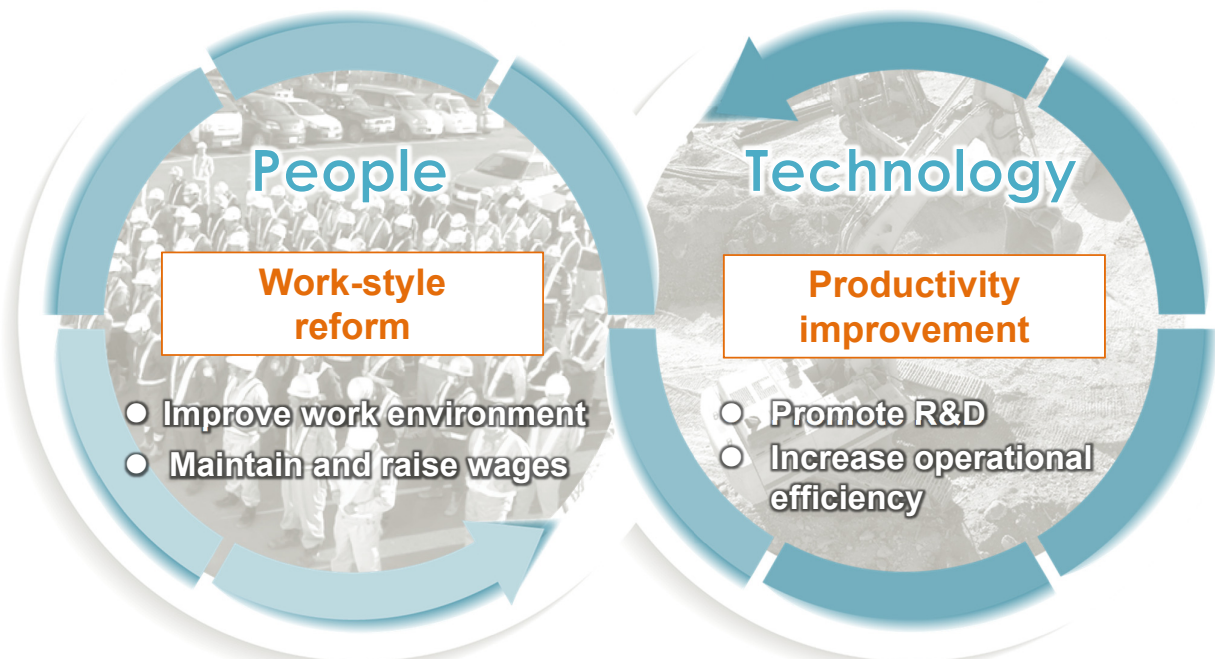
Establish a Group-wide business platform for growth

3. Timeframe of the Business Plan



4. Build a Next-Generation Construction System

Create sustainability-promoting construction sites



IV

Business Strategies and Key Tactics

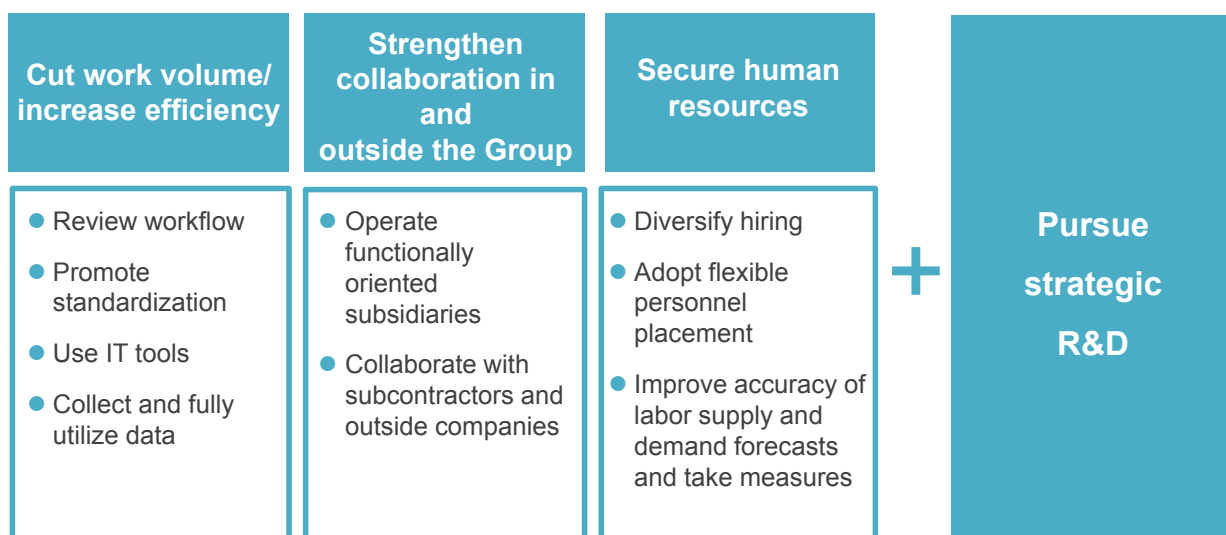
1. Business Strategies
2. Key Tactics

1. Business Strategies

1) Domestic construction business	Improve productivity and create an attractive work environment
2) Domestic/overseas construction businesses	Enhance efforts in promising markets and fields
3) Construction-related businesses	Ensure proper execution in upstream and downstream businesses and diversify revenue sources
4) Domestic/overseas real estate businesses	Increase profitability in the real estate business
5) Issues common to all businesses	Enhance efforts to address social issues Including the environment, energy, and disaster prevention and mitigation

2. Key Tactics: (1) Domestic Construction Business

Accelerate efforts to improve productivity and increase production capacity



2. Key Tactics: (1) Domestic Construction Business

**Create an attractive work environment to
help secure the next generation of workers**

Construction Site Workstyle Reforms

- Ensure holidays (in principle, construction sites are closed 8 days every 4 weeks, and 104 days per year)
- Maintain and raise wage level of skilled workers
- Promote construction career enhancement program
- Improve work environment (improve construction site equipment, provide comfortable safety gear, keep construction sites clean and tidy)

Measures to Support Subcontractors

- Cooperate in hiring activities and improve worker compensation and welfare
- Conduct education and training
- Develop multi-skilled workers
- Accept seconded employees to train successors
- Faster payment to subcontractors (¥50 billion to be used)

2. Key Tactics: (2) Domestic/Overseas Construction Businesses

**Enhance efforts in promising
markets and fields**

Enhance efforts in markets where Kajima Group can leverage its strengths

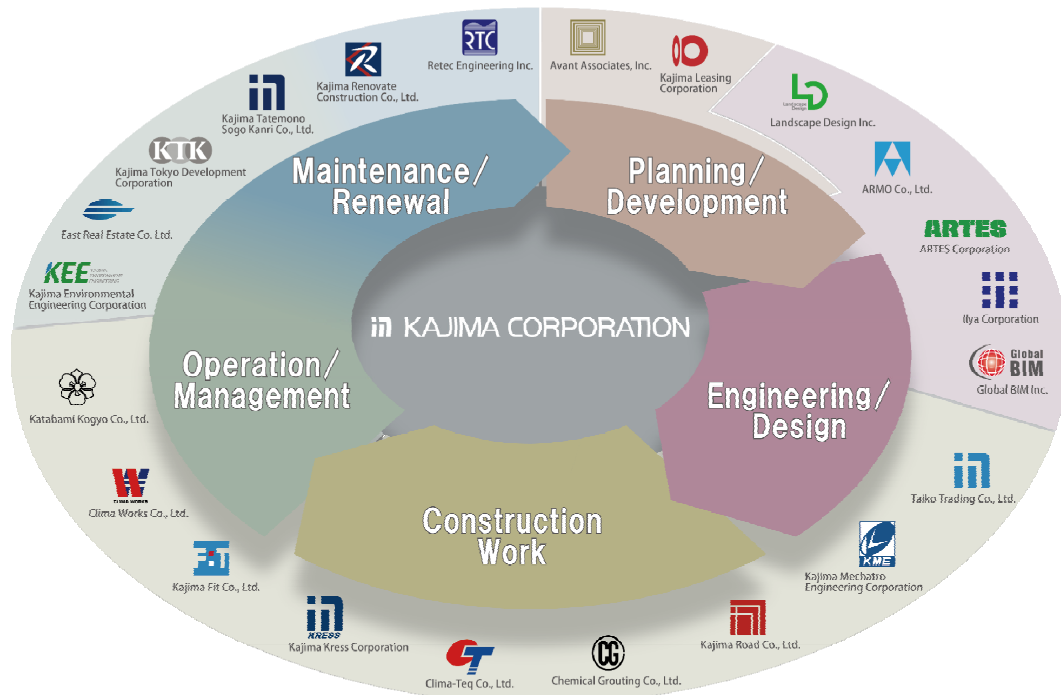
- Markets/fields that require advanced technology and knowhow
 - ◆ Large complex developments
 - ◆ Cutting-edge research lab
 - ◆ Energy-related
 - ◆ BCP-related
- Markets/fields where Kajima Group can leverage its comprehensive strength
 - ◆ Large-scale real estate development projects by multiple business partners
 - ◆ Infrastructure maintenance, upgrade and renewal
 - ◆ Public Real Estate / Corporate Real Estate
 - ◆ PPP/PFI

Strengthen business platform and structure for overseas construction business

- Collaborate with sister companies
- Partner with local general contractors / M&A
- Develop new markets and fields / Diversify revenue streams
- Deploy advanced technology overseas
- Build platform and foster human resources to manage diversified risks

2. Key Tactics: (3) Construction-related Businesses

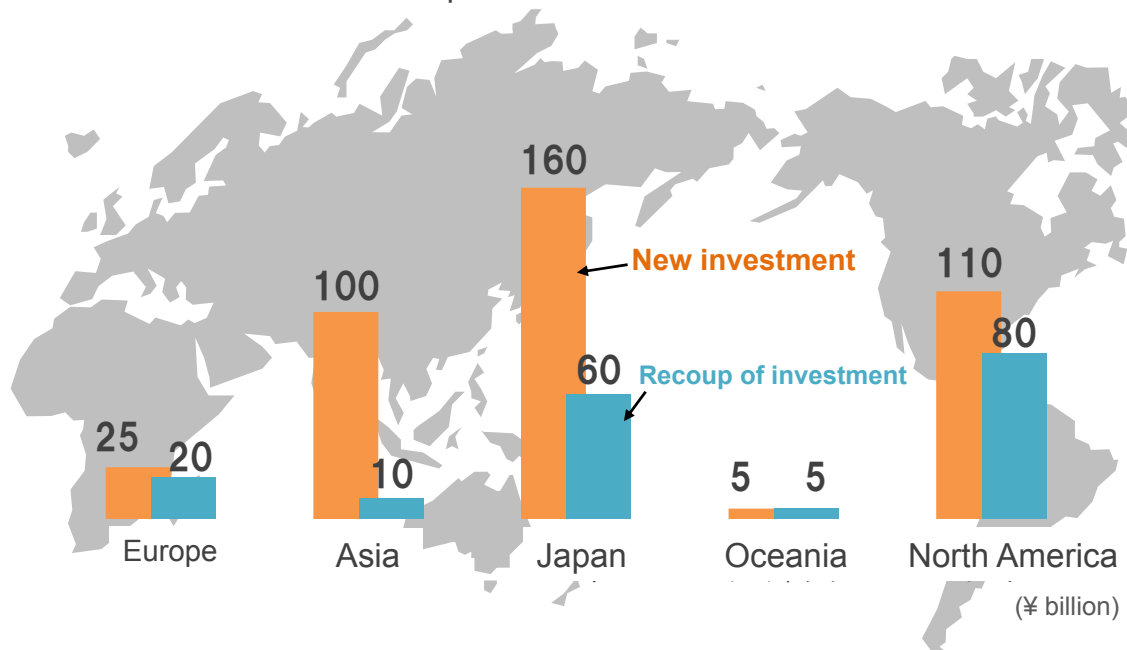
Build integrated system for upstream/downstream businesses



2. Key Tactics: (4) Domestic/Overseas Real Estate Businesses

Capitalize on Group strength to further promote real estate business

New investment: ¥400 billion
Recoup of investment: ¥175 billion



2. Key Tactics: (4) Domestic/Overseas Real Estate Businesses

Domestic Real Estate Business

Create outstanding projects by leveraging
planning and technological capabilities



Hamamatsucho 2-Chome A District Redevelopment
(Accredited as a National Strategic Project)



Kudan Kaikan Hall



Minato Mirai 21 District 58 Block



Haneda Zone 1

2. Key Tactics: (4) Domestic/Overseas Real Estate Businesses

Overseas Real Estate Business

Develop unique businesses that suit each market needs

North America



Industrial development
(Core5 Industrial Partners)

Asia



Yankin Township mixed-use development
(Yangon, Myanmar)

Europe/Oceania



United Kingdom PFI Business



Residential development
(Flournoy Development Company)



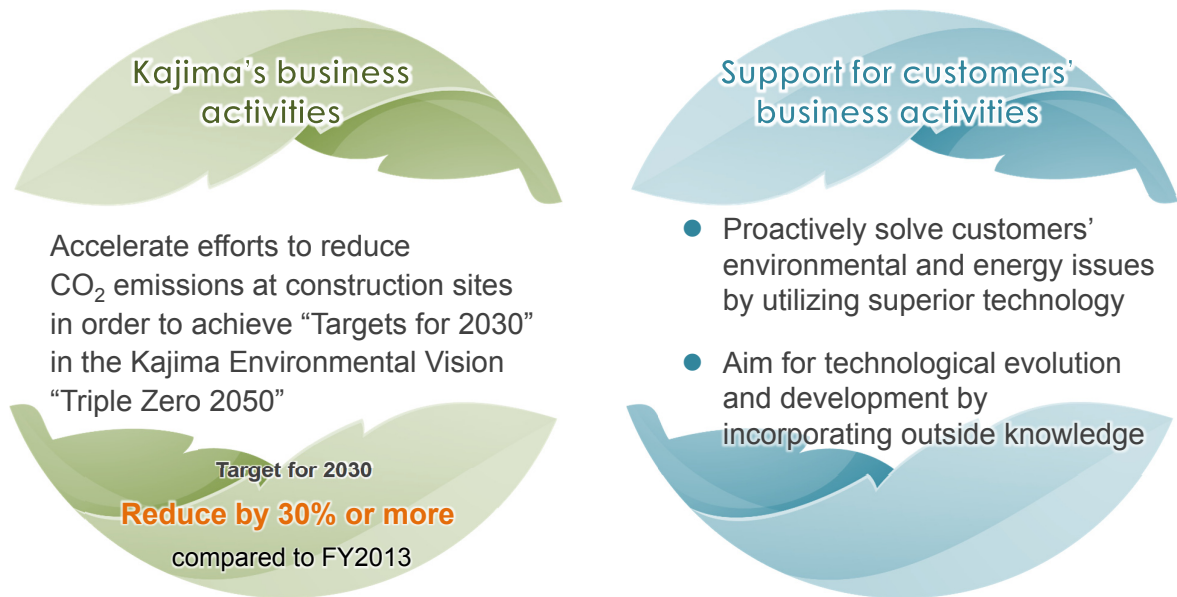
Woodleigh condominium residential and
commercial development (Singapore)



Condominium residential development
(Australia)

2. Key Tactics: (5) Issues Common to All Businesses

Strengthen long-term environmental and energy initiatives



Management Platform

1. Pursue Strategic R&D
2. Establish a Business Platform That Facilitates Group Management

1. Pursue Strategic R&D

Drastically improve productivity

Human and machine collaboration

Smart production, turn construction site into automated factory

- Reduce the number of workers and automate by using machines, robots and ICT
- Promote technological development by leveraging BIM

Address social issues and customer needs

Trailblazing R&D

- Large-scale urban development
- Maintenance and management / Life Cycle Engineering
- Environment/Energy
- Disaster prevention and mitigation/BCP
- Better performance and higher added value

Strengthen R&D platform

Human resources + Capital + External resources

- Priority investment in key themes
- Group collaboration
- Explore innovative technologies/ideas
- Utilize external resources

2. Establish a Business Platform That Facilitates Group Management

Upgrade and expand risk management system

- Reorganize and reinforce functions to strengthen compliance
- Reinforce overseas risk management function in response to overseas business expansion

Reform management structure focusing on domestic construction business

- Develop Group-wide business implementation system
- Respond to cross-business projects and new domains
- Properly allocate business resources throughout the Group

Strengthen human resource development and secure diverse personnel

- Provide education and placement tailored to individual careers and needs
- Expand personnel exchanges within Group
- Institutionally support diverse workstyles for diverse personnel



Financial Targets

1. Financial Targets by Fiscal Year
2. Profits by Business Segment
3. Investment Plan
4. Shareholder Returns

Copyright © 2018 KAJIMA CORPORATION All Rights Reserved.

VI Financial Targets

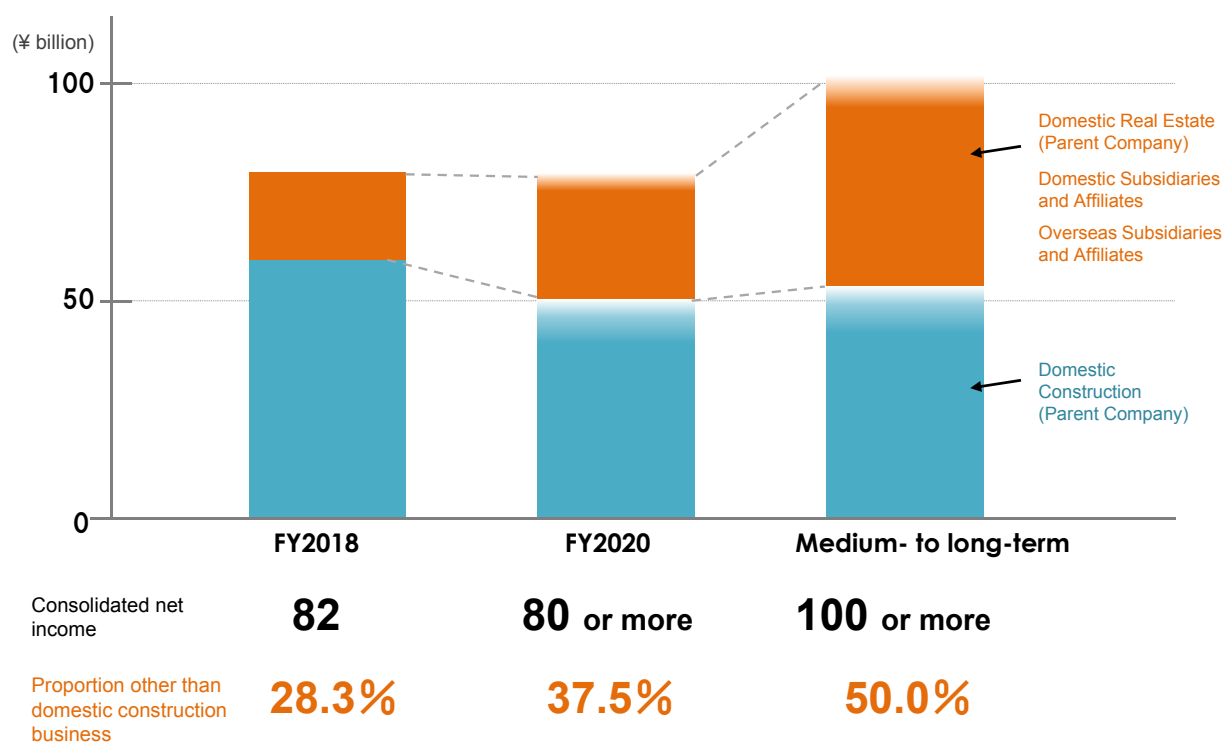
1. Financial Targets by Fiscal Year

- FY2018-2020 targets: Consolidated net income: **¥80 billion** or more
ROE: more than **10%** (Maintain ROE exceeding shareholders' equity cost)
- Medium- to long-term target: Consolidated net income of **¥100 billion** or more

(¥ billion)

	FY2018		...	FY2020		...	Medium- to long-term
	Consolidated	Non-consolidated (Parent Company)		Consolidated	Non-consolidated (Parent Company)		Consolidated
Revenues	2,000	1,250		2,150	1,340		Approx. 2,500
Net income	82	66		80+	60		100+
Interest-bearing debt	340	-		Below 400	-		-

2. Profits by Business Segment



3. Investment Plan

Investment of ¥500 billion over 3 years

- Prioritize investment in domestic and overseas real estate development
- Rigorously measure investment efficiency and risk management with an awareness of capital costs

**Domestic/Overseas
real estate development**

¥400 billion
(Net ¥225 billion)

Domestic: approx. ¥160 billion
Overseas: approx. ¥240 billion

R&D Investment

¥50 billion

**Strengthen
competitiveness/
Invest in sustainable
growth**

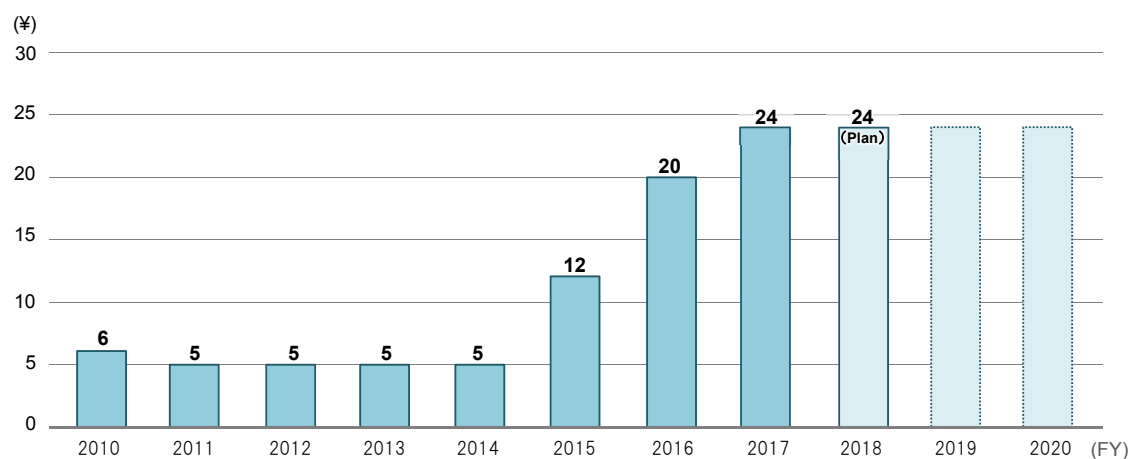
(Domestic/Overseas M&A,
human resource-related)

¥50 billion

4. Shareholder Returns

Aim to distribute stable amounts of dividend with the **target range of 20 to 30% payout ratio**, while securing an adequate consolidated equity capital.

Historical Annual Dividend



* The Company plans to consolidate its shares on a one (1) for two (2) basis, with October 1, 2018 as the effective date.

* The above lists the annual dividend per share without considering the effects of the share consolidation.

Disclaimer : This document is an English translation of the announcement titled "Kajima Group Medium-Term Business Plan (FY 2018-2020)" released in Japan on May 15, 2018. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.